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DEPARTMENT OF STATE

Washington, D.C. 20520

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Prime Minister Chou En-lai

Foreign Minister Chi Peng-fei

Assistant Minister of Foreign Affairs
Wang Hai-jung

Lin Ping, Director, Foreign Ministry

Tsien Ta-yung, PRC Liaison Office, Washington

One other Chinese official

Tang Wang-shen, Interpreter

Yang Yu-yung, Interpreter

Chinese notetaker

Secretary of State Henry A. Kissinger

Ambassador David Bruce, Chief, U.S.
Liaison Office

Ambassador Robert Ingersoll, U.S.
Embassy Tokyo

Winston Lord, Director of Planning and
Coordination, Department of State

Acting Assistant Secretary Arthur Hummel
East Asian and Pacific Affairs

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DATE AND TIME: Tuesday, November 13, 1973
4:30 p.m. - 7:15 p.m.

PLACE: Guest House Villa #3, Peking

(Prime Minister Chou En-lai mentioned previous Chinese
Nationalist Foreign Minister Wellington Koo.)

Ambassador Bruce: I heard him make a great number of speeches.
He is a brilliant speaker.

Prime Minister Chou: And he speaks very good English. Only
the young people are able to catch up with him speaking English and
like T. F. Tsiang who only speaks English, he speaks Chinese. He
is also from Shanghai.

I received your text of the Communiqué last night and your
guidance on working out that text. So we received it at one o'clock
in early morning, and then we have to make suggestions and some
changes. We still want to preserve and keep your good points. Now,
I have also gotten myself involved.

Secretary Kissinger: Is that the text of yours?

Prime Minister Chou: Ours is even shorter than yours. About
the same length. I have kept back points. We are having it typed.
After we have finished typing it, we will have one person from each
side....

Secretary Kissinger: As long as your representative isn't the
Vice Minister.

Prime Minister Chou: Obviously if you agree to our views, it
will be all right. We have tried our best to take in your main points.

Secretary Kissinger: I think we will have no difficulty. Maybe
on our side it should be Mr. Hummel and Mr. Lord.

I have some answers to some of the questions you asked
yesterday. First, about the Oklahoma City. I would like to be
able to say....

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Prime Minister Chou: The City is already in Hong Kong.

Secretary Kissinger: That's right. I wanted to say that for once I wish you were wrong in pointing these things out to us, but you were right and there is no answer except stupidity. Before coming here we had prohibited airplanes coming anywhere close to China, but we forgot to specify ships. So I can only apologize. It was bad taste. It was legal but stupid.

Prime Minister Chou: The Taiwan authorities are getting great publicity about it.

Secretary Kissinger (to Lord): Can we find out how they knew about it?

Prime Minister Chou: We learned about this news from the Taiwan authorities because only when they talked about these facts did we know about it. We learn about activities of vessels or planes in Taiwan space because they have islands that are quite close. They use these as instances. They derive merits from it because they make publicity of the fact that ships have come close to them.

Secretary Kissinger: I can only say it was stupidity. The capacity for stupidity seems to be infinite. I can't think of what new stupidity people are thinking up.

Prime Minister Chou: You are right. And so the vessels that deliberately sailed close to Taiwan were also Soviet ships. That shows they did it deliberately.

Secretary Kissinger: Yes. In this particular case, we knew nothing about it. It seems inconceivable to us that anyone would do it deliberately. Ships would also be prohibited when planes were.

Prime Minister Chou: But for some occasions you cannot prohibit it beforehand. You can only settle after it comes up. So there is also a matter of mutual trust in such a case. Now, Doctor, you have had a very deep discussion with our Chairman. So in the future I believe our mutual understanding will be deep.

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Secretary Kissinger: We do too, and we consider the meeting with the Chairman to be extremely important.

Prime Minister Chou: And my discussion with you the day before yesterday -- that is, your discussion with me prepared the way for your talks with the Chairman. Since we have touched these points, I don't think it is necessary to dwell upon these issues.

Now, today, what we have to do is make clarification on some issues and settle some issues. The first point is concerning the Soviet Union. You said that a big question concerning that is about the prevention of nuclear war, and you hoped there would be no endless debate about it.

Interpreter: You thought it better to complete the treaty than have endless debate on the issue.

Secretary Kissinger: Yes.

Prime Minister Chou: I think you are right in saying so because on the whole it is right not to have an endless debate on this issue. But there is one point on the legal basis of that issue -- I think that treaty was not yet agreed by the Congress. And the second point is that if any strong evidence should come up there should be some prior consultation.

Secretary Kissinger: Between you and us or between us and the Soviet Union?

Prime Minister Chou: I was referring to between the Soviet Union and the U.S. because it was part of your agreement. But the whole world should be made clear about the principles including your allies. Otherwise, they will think the two big powers will discuss other subjects behind their back. That's why there is a wave in the world. That's what made it necessary for us to make a comprehensive assessment at the United Nations. You had contacts with us beforehand, and I am sure you also contacted your allies before.

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Secretary Kissinger: It may amuse the Prime Minister to give you their state of mind, that some of our allies helped us draft the agreement and they saw it before some of our own people. Some were critical of their own draft. You can ask Prime Minister Heath when he visits you.

Prime Minister Chou: But you can still remember our position?

Secretary Kissinger: Your position was understood.

Prime Minister Chou: So we had to make criticism because we think it is necessary for Third World countries to have such an understanding on this issue. But you had given your consent to the treaty signed by Latin American countries, the Treaty on a Nuclear Free Zone. You were the first to show your consent. But still you haven't withdrawn your military bases there in Cuba so Cuba had to file a protest in order to free their hands. In order to satisfy the demands of countries like Mexico, we signed that Treaty but we made a separate statement. We hope that the Soviet Union would sign the treaty. Or would they prefer to stay isolated to the end?

Secretary Kissinger: So far the Soviet Union has not.

Prime Minister Chou: What is the reason? Is it because of Cuba?

Secretary Kissinger: Partly because of Cuba; or maybe they have other expectations in Latin America.

Prime Minister Chou: There is a new issue cropping up in Latin America, that is concerning Chile. Could you exercise some influence on Chile? They shouldn't go in for slaughtering that way. It was terrible.

Secretary Kissinger: We have exercised considerable influence, and we believe after the first phase when they seized power there have been no executions with which we are familiar going on now. I will look into the matter again when we return and I will inform you. To the best of my recollection when we left there were no executions taking place, but I will check on it.

(To Lord) Get Kübisch to check on this.

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Secretary Kissinger: After the first week -- I am talking now up to the time I had left Washington.

Prime Minister Chou: But as you know, our emissary has been staying on.

Secretary Kissinger: Yes, and we appreciate it.

Prime Minister Chou: And just because our emissary is still there, that's how we have been able to learn about many facts. Mr. Lin Ping is our Ambassador in Chile, because their government is much too complicated. Even without the support on the part of the CIA, they perhaps work on the same (perhaps their own virtue).

Secretary Kissinger: No, I wish the Prime Minister were right. I wish the CIA was as competent as the Prime Minister believes.

Prime Minister Chou: But you wouldn't be able to control it.

Secretary Kissinger: Not be able to control the CIA?

Prime Minister Chou: What I meant is did they have a hand in the coup?

Secretary Kissinger: They would not have a hand in the coup, but it is true they could not control the situation.

Prime Minister Chou: They could only control one thing. Remember when your charge d'affaires in Laos during the recent coup ran to the airport and told the official of the coup.

Secretary Kissinger: That's true. In Laos, we attempted to restrain the situation. In Chile, it was the incompetence of the Allende government. We would not give assistance, would not make their task easier, but we did not have anything to do with the actual coup.

Prime Minister Chou: But that government itself was much too complicated. Allende himself admitted that if one wanted to seize political power in the true sense of the word...but on the other hand their subordinates made great publicity. And those Communists in that country who were close to the Soviet Union wanted the Soviet

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Union to supply them with weapons. Whereas those Che Guevarists in Cuba that took up arms found themselves divorced from the masses by doing quite similarly those activities which they carried out in their Cuban guerrilla forces. They thought that once they had weapons in hand, they could kill some people and burn down some houses. Their putchist group was active in Chile and other countries. Have you ever read the diary written by Che Guevara?

Secretary Kissinger: Yes.

Prime Minister Chou: He had very great influence among the young people in Latin America. And in the American countries on the whole there are two patriots. You can imagine what they are.

Secretary Kissinger: Guevara?

Prime Minister Chou: Another one.

Secretary Kissinger: I don't know, but they are different. Guevara was an adventurist. Chairman Mao is a student of the Revolution.

(There is further discussion of Che Guevara.)

Prime Minister Chou: We went to the Soviet Union to celebrate October Revolution in 1964 because, at that time, we still placed some hope in Brezhnev, and he also shared our view. Che Guevara also told me he was also opposed to that view of calling a conference to support the Soviet Union against China. He said when I got back he would anyway oppose it. And after he got back, he came again with the other five delegations to China. He expressed opposition to that conference but he actually took part in that conference. So when he came and met with me -- just by himself -- he only spoke one thing to me: I don't like to stay on in Cuba. And after he got back, he went to the United Nations to make a statement. Perhaps you have heard that statement. As a result, you know where he went. He went to the eastern part of Bolivia and there was guerrilla warfare going on there. He went there together with other armed Latin Americans.

Secretary Kissinger: It was not easy for them to meld into the population there.

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Prime Minister Chou: It was very difficult for them. And then Che Guevara went there and he intended to carry out guerrilla warfare. The result was that after he got there, he gave me a letter by the Ambassador in Cuba, and he asked us to help him in building the largest kind of broadcasting station which should be able to broadcast to the whole world. I said to myself, was that man mad to think of having large broadcasting station to go along with such a small guerrilla force? Because he signed his letter only with the notation Che. It turned out the letter was really written by him.

(Prime Minister Chou then described Che's activities in Latin America and the Congo, and Chairman Mao's connotations on these activities.)

Secretary Kissinger: He was silly. He had no objective or political hope in either place, either in the Congo or in Bolivia. You cannot arrive merely posing as a specialist in guerrilla warfare.

Prime Minister Chou: And besides it was really absurd to think the peasants in Bolivia were all spies. He suspected this person and that person. How could he expect to live on? So there are some sections of people in Chile that are doing things his way. And in 1971, the year before last, his influence was also found in Sri Lanka, where there were Guevarists and Trotskyites.

Secretary Kissinger: This I didn't know.

Prime Minister Chou: It was reknowned. And in Chile you can find both. And the Soviet Union was not only making use of Che Guevara, they were also making use of Trotskyites.

Secretary Kissinger: It is an amazing turn of history.

Prime Minister Chou: It is a kind of irony.

Secretary Kissinger: Yes.

Prime Minister Chou: But we think it was indeed true that in Chile the government did engage in massacres in the capital, Santiago. Hundreds of bodies were thrown out of the stadium.

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Secretary Kissinger: We don't believe it was this many, but what I will do... Mr. Prime Minister, I will look into it, as in Iraq, and I will send you our own honest assessment of the situation when I return. I know there were executions. I think there were less than 100s. I think they have now stopped. I will check and let you know. We will use our influence in that direction.

Prime Minister Chou: But I should think that massacres will give rise to revolution on the part of the people. It is also inevitable that it will be so but how long it will last, we don't know. There is also reason why the public opinion in the world has shown sympathy for the Latin American countries. It has also enabled the Soviet Union to gain publicity about it. Their Foreign Minister was saying at the United Nations that a trade union official in Chile was about to be hanged, and he wanted the Vice Foreign Minister to say something about it, and he refused. I think that was instigated.

Secretary Kissinger: That was a case where the Soviet Union appealed to us. We looked into it and there was nothing to it.

Prime Minister Chou: Later that man was not killed.

Secretary Kissinger: Yes.

Prime Minister Chou: And as for their economic performance, we often told them to prepare for nationalization, and they didn't. So as a result of that their production was going down and they made too many promises to the people which could not be honored. That was the way some of the people....

Secretary Kissinger: There was no organization. There was no discipline. This, plus total incompetence, led to the collapse of the Allende government. There were great divisions among the factions. These were the basic reasons for the downfall. The Prime Minister correctly described many of the elements. They did everything in fits of enthusiasm without preparation.

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Prime Minister Chou: But there is also a good point in that event in Chile. For the past nearly 200 years there, there was the American tradition of not having any military coup in their country. So it would be good.

Secretary Kissinger: It was good that there was a military coup?

Prime Minister Chou: It was good because it could show a bad thing could be turned into good account. That is our way of seeing this thing. We told them about this, but they didn't believe us. That kind of phenomenon was caused by themselves. We give only limited support to Latin American countries' revolutions. We are still learning.

Secretary Kissinger: I hope you don't learn too fast.

Prime Minister Chou: You don't have to be afraid of that. It takes time to have the people rise up.

Secretary Kissinger: I am in favor of very careful long studies by our Chinese friends.

Prime Minister Chou: I only wrote one letter to President Allende, asking him not to do too many things in hurry. It only concerned economic problems that they should make preparation beforehand. They shouldn't do everything at one go; they should take steps. They should not promise too many things to people; otherwise, they would not be able to honor these things. Because we believe the life of the people can only be improved on the basis of production. Whenever one speaks of Socialism, also think of welfare. And my letter to President Allende was carried in the newspaper, but it was useless because the word of a foreigner meant nothing.

Secretary Kissinger: He also was not master in his own house. He was not a free agent. He could not do what he wanted.

Prime Minister Chou: Latin America is a complicated area and Latin America is quite different from Asia. So there is the expansionist aspect to the Soviet policy which Chairman Mao mentioned yesterday. There was nothing very terrible about it. On the other hand, there is nothing really to be afraid of, either their deceptive tricks or

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their expansionism, because they will be exposed. It is possible for a time they might succeed in creating some trouble, because in nearly everything they have tried to create some trouble.

.. We will expose them in the United Nations. Miss Thomas, the correspondent, asked if I would go to the UN. Vice Minister Chiao will probably represent us. I myself have no interest in going there because I am advanced in age and quite useless now.

Secretary Kissinger: It is not obvious to others.

Prime Minister Chou: There is a Chinese saying which goes "Know yourself." And I should be able to know myself. And since after tonight's banquet we will still have another discussion, so I will leave the Soviet discussion until then.

Secretary Kissinger: Could I say one thing before we discuss the treaty on prevention of nuclear war, so we understand each other. I understand the necessity of your formal position, Mr. Prime Minister, and we do not object to occasional comments such as were made by the Vice Minister. As long as you and we understand to what use we will put this treaty.

First, it was our judgment that an endless debate in which we refused to discuss the prevention of nuclear war would cost us more than it was worth. But to us the principal utility of the treaty is that it makes it impossible for the Soviet Union to launch a conventional attack against others without isolating the treaty to prevent nuclear war. We have integrally linked the prevention of a conventional attack and of a nuclear attack which had never been done before. And with this link it makes it impossible for the Soviet Union to engage in a military operation against any country if they have not had a prior consultation with us without violating Article 4.

Now many countries have objected to the consultation clause but let us be realistic. If we want to encourage the Soviet Union to attack anyone, we don't need Article 4 of the treaty to do it. They will be very eager to do it. If we use this treaty, it will be to prevent Soviet aggression, not to encourage it. And it gives us an opportunity to have a legal basis for resistance in other areas where we have no other legal basis.

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And as the President has pointed out to you, Mr. Prime Minister, we are undertaking never to use Article 4 against China without prior consultation with China.

I am not asking you to change your public position. I just want to make certain we understand the real position. We intend to use this in support of the objectives that Chairman Mao and I discussed yesterday.

Prime Minister Chou: But there is still one thing. Despite this treaty, do you think it is possible for you to prevent local aggression? That is, to stop a kind of local war.

Secretary Kissinger: Quite frankly, no. It depends on the local situation. But it will make it easier for us to resist in those areas where we do not have a formal treaty.

Prime Minister Chou: That is true.

Secretary Kissinger: For example, Mr. Prime Minister, during this alert we invoked this treaty. We said that if they sent troops to Egypt, that would be in violation of Article II of the Agreement on Prevention of Nuclear War. We showed our reply to leading Senators, and nobody objected to it.

Prime Minister Chou: And this, of course, proves the effectiveness of the relationship between the Soviet Union and your country on this point. And it also provides you with an opportunity to speak to the Congress to increase your defense budget, not decrease it, during the period of the crisis. But you could do the same without the Treaty. That was during the period of President Kennedy. At that time, of course, President Kennedy was not as courageous as President Nixon and perhaps he couldn't sleep well.

Secretary Kissinger: Kennedy's nerves were not always good.

Prime Minister Chou: And it was exactly at that time that Khruschev was about to collapse. And Nehru was getting very cocky. He wanted to put us on the spot, and we tried to keep down his cockiness. Krushchev supported him. So actually in history, both sides failed. Of course, I think without a treaty, things will be just the same as with the treaty. It is in a certain sense a factor.

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Secretary Kissinger: We don't need the treaty to increase the defense budget. We take action on our own. In the Caribbean, it is easier to take action alone than in countries further away. And the domestic situation was simpler in 1962 than in 1973.

Prime Minister Chou: Let me say it this way. If Arab space should ever be occupied by the Soviet Union, the whole strategic situation will be greatly changed, and I think your colleagues will understand. The West European countries, in that they fail to support you, they said you did not consult them beforehand. They then put the blame on you.

Secretary Kissinger: We don't consult you beforehand, and you didn't blame us.

Prime Minister Chou: If I do not tell this to Heath, perhaps Chairman Mao will do so, saying that we do not blame you.

Secretary Kissinger: I would appreciate it if you both would do so. It would be a very good experience for him.

Prime Minister Chou: He has done many good things, so you have to praise him first before you blame him.

Secretary Kissinger: Heath is the best of the European leaders, but he does not understand the importance of NATO as well as you, Mr. Prime Minister.

Prime Minister Chou: [Laughter] There is a Chinese saying. If you stand in the midst of the mountains, you wouldn't be able to see the whole picture; if you look at the mountain from a distance away, you will be able to see it more clearly.

Secretary Kissinger: His talks here will be very helpful.

Prime Minister Chou: And I think it is necessary to talk to all those leaders who come from European countries. But you should not imagine that local wars will not arise.

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Secretary Kissinger: I think it is very possible that they will occur. I have no illusions. I do not believe documents stop wars, although I may sometimes say so.

Prime Minister Chou: You can say this in a crisis, but you don't say entirely to Congress in this way. But we are in different circumstances. We tend to speak in a more straightforward way than you do.

Secretary Kissinger: I think it is important that we understand each other. But I think it is quite helpful to have different points of view expressed. We should also ask our colleagues to understand that if we always agreed with each other publicly, it would make both of us too vulnerable.

Prime Minister Chou: That is true.

Now, about bilateral issues. Two points. One is about a fact that you mentioned earlier. Should we use wording of the Shanghai Communique to move the issue a little bit forward; and, of course, we have worked hard on one sentence in the text, and you will examine it to see if it is useful or not.

Another point is that your press people expressed a desire for their representatives to be stationed here. There will be no difficulty on our part because there are so many correspondents here. And there will be no doubt that we would welcome the U.S. ones because we have correspondents from many major countries.

Secretary Kissinger: On a permanent basis?

Prime Minister Chou: Yes.

Secretary Kissinger: Shall we put that in the Communique? I was hoping to make an arrangement where you would take some newsmen and not give them an exit visa. [Laughter all around]

Prime Minister Chou: No, not in the Communique. But if we do it that way, they would go to Japan. But the difficulty lies in the fact that if we have our correspondents going to Washington, they will have to meet with situations where they meet with Chiang

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Kai-shek correspondents, at clubs and because there are so many press conferences. It took us a great deal of effort to keep Chiang Kai-shek correspondents away from United Nations and our Ambassadors presented many protests to the UN representatives. Now this issue has been settled in quite a forceful manner.

In the past three years, the number of correspondents coming to Peking is extremely big; not stationed here, that is, on a temporary basis. And the number of correspondents from Japan is the biggest. So I think we will have to work out a way to settle this issue. Our part is easy, but how to settle the Washington issue is up to you. Correspondents coming on a temporary basis would be no problem. This question journalists discuss because it concerns public opinion.

What do you think about this question?

Secretary Kissinger: I don't have a good idea of how to exclude the Taiwan correspondents from press conferences and press groups since they are out of our control. We would, of course, be prepared to have your correspondents in Washington or any other place you want. That doesn't solve your problem.

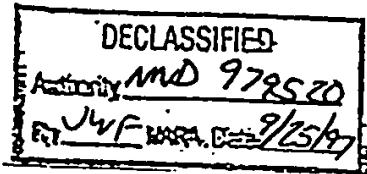
Prime Minister Chou: But the Japanese, they do not recognize the legal status of Taiwan correspondents there in Japan. Sometimes the Taiwan correspondents were present, but on formal occasions they were excluded.

Secretary Kissinger: I have given a great deal of thought to our conversation and to the comments the Chairman made on Taiwan, and as with all the things in my experience the Chairman says there were many layers of meaning.

Prime Minister Chou: That is true.

Secretary Kissinger: At least that was my impression. It was not a simple statement. And, therefore, I thought I should study his remarks for a brief time after I return and submit to you possible ideas. It would take account of your position but also some of the things he said in terms of your patience, etc. Because my first

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impression was that the Chairman's remarks opened many possibilities which we would like to explore with you. Within a month we would make some tentative suggestions as to how this might develop. And maybe this evening we could exchange some preliminary thoughts on it.

Prime Minister Chou: Good.

Secretary Kissinger: And it is in this context the press question can be handled more easily.

Prime Minister Chou: The second question is about trade. About question of the assets, it was through a kindness on your part the idea that this question should be settled from a political viewpoint, and that is your President's opinion. You gave us that document in March after your visit here in February.

And the second document which was given to us through the Paris channel was somewhat different from the first one, a slight difference.

Secretary Kissinger: Too many lawyers got into it. [Laughter]

Prime Minister Chou: And you said yesterday that out of the three questions, it is not necessary to discuss two of them. There is only one left to be discussed.

Secretary Kissinger: This is my impression. I mean, the other two I thought could be solved. I am not underestimating Mr. Hummel's ability to make things complicated. [Laughter]

Prime Minister Chou: And you said you wouldn't be able to recognize our title; it would not be able to be used in the memorandum.

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Mr. Hummel: The use of the term "designated nationals."

Secretary Kissinger: That is a different issue than the one I discussed with the Prime Minister. I raised with you the issue of third countries accounts.

Prime Minister Chou: The other two issues can be solved.

Secretary Kissinger: That's my conviction.

Prime Minister Chou: What I mean is, since it is not necessary to discuss the question you accept the term "nationals of the People's Republic of China."

Mr. Hummel: [Gives explanation] The legal people have very strong views. Maybe we can get them to change their minds.

Secretary Kissinger: I am bringing in a new legal man in the State Department. I frankly have no opinion on this question. It is purely a legal question. We cannot do it in side letters? Outside this framework?

Prime Minister Chou: But the point here is we have our own term of describing and you have your term. And your term was adopted during the period you were hostile to our country, and if we adopt it, it would mean we think you are right in doing so. And you said several times since you have not recognized China. That is why you blocked our assets. This is also a legal question. Why should you not accept our term?

Secretary Kissinger: I have to be honest with you. I had not heard of this issue until two days ago. It seems to be one of those trivial things in a negotiation that gets settled politically.

Prime Minister Chou: With something that gets your concern.

Secretary Kissinger: I am personally not well enough acquainted to make a decision here. When I return, I will talk to our lawyers.

Prime Minister Chou: Try not to get too many technicians involved.

Secretary Kissinger: And I will talk to Mr. Hummel, and I will see if I can come up with some solution that meets your terms.

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Prime Minister Chou: I agree. And the second point is what are we going to do with those bond indebtedness issued in the days when we still have not established diplomatic relations. Even if we had established diplomatic relations with you... How do you intend to settle the question of the bond indebtedness?

Secretary Kissinger: The U.S. Government will not legally support any claims connected with those bonds.

[Secretary Kissinger to Mr. Hummel: There is no need for the Chinese side to take a position.]

And we can possibly give you a letter expressing the practice in this matter and our intention.

Prime Minister Chou: You know it is said by your side that on the one hand the U.S. Government cannot support any claims about these bonds, but you say a judiciary man would have the right to ask for these claims.

Mr. Hummel: We have no right to block their claims. There could be attempts through the Bondsmen Protective Association. We hope it will be suitable to the PRC if we do not, as a government, approve or allow these claims, but we cannot prevent our citizens from making claims to the courts for this purpose.

Prime Minister Chou: To make such dealings, whom would they approach: since the bonds were issued by former governments, Chiang Kai-shek or the Ching Government which was non-existent?

Secretary Kissinger: Our judgment is that our courts would not support private claims for the reasons which the Prime Minister gave.

Prime Minister Chou: If they can approach and make representation with those former Chinese governments, to whom would they approach?

Secretary Kissinger: This is an important question. Since we don't recognize the People's Republic, how they can sue the People's Republic is not clear. So they would have to sue Taiwan as the successor government.

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Prime Minister Chou: There is also that question. If you gave money to Chian Kai-shek, that is all right. If you gave loans, are we supposed to return the money? That is the question.

Secretary Kissinger: We are not now giving military aid to Taiwan. We do give Export-Import Bank loans, which are for commercial purposes.

Prime Minister Chou: Well, what are you going to do with the second question? Are you going to consult with your colleagues when you get back?

Secretary Kissinger: Of course, you could agree with Mr. Hummel's point of view. There is a severe morale problem at this end of the table. I think both our negotiators are trying to prove how tough they are.

I don't think the problem will get any easier. If you would like, if we can't settle it here, I will study it immediately when I return. I will make a proposal which in my judgment will be the honest maximum of what we can do. The significance of this agreement is not the amount of money, which is ridiculous. We should prove that we can settle this so we can go on to more substantial things. Therefore, it should be done in a generous spirit so a year from now we won't even remember what it was.

Within two weeks of my return, we will tell you in our best judgment if and to what extent we can modify our position.

Prime Minister Chou: The third point is concerning the sum of money which amounts to \$17 million.

Secretary Kissinger: Yes.

Prime Minister Chou: This issue concerns 15 banks. One is Belgium, England, Switzerland, West Germany, Netherlands, Canada. Six.

Starting from 1954 after we have established diplomatic relations with these countries, we issued special orders to return money blocked by the U.S. As early as the 1950s some of them have

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started to give back money to us. Of course, the main portion of the money was given to us during 1972. The Banque Belge gave back a sum of \$10 million. This is the major portion. Was it that things should turn out this way? In the initial years after Liberation, it was our custom and our practice to deposit U. S. dollars in the banks, and in some cases we deposited money in the French banks in China. The bank I referred to now was a case in point. The Charter Bank of Britain also had their branch in Shanghai.

At that time we not only deposited our money in foreign banks in China but also in foreign banks abroad because we used U.S. dollars in our transactions. Besides, it was a practice of those banks in their international relations they have to register money that was deposited in their banks in New York. Then, after the outbreak of the Korean War, after we sent Chinese volunteers, you blocked deposits in your own banks. (Further discussion of these events.) So perhaps you sent a notification to French banks about blocked Chinese deposits only in dollars. If we had deposited the money in francs, there would have been no problem. We acted in a clumsy way.

Secretary Kissinger: This would not have arisen. We think we need enough to justify our position to our Congress.

Prime Minister Chou: I just wanted to give you the origin.

Because at that time we were inexperienced. Later we changed our way of doing things. We started to deposit our money in other terms. (Further discussion.)

Secretary Kissinger: So I think our legal position....

Prime Minister Chou: The amount of money involved is very small.

Secretary Kissinger: \$17 million.

Prime Minister Chou: Now we have already got much of this back. Starting from the 1950s we got money back. We have made a study of this question. (Further discussion.) I think there are two ways of doing this. We will return the money to you or to these banks. After you get

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back, study the legal questions of this matter because we don't like these issues to be discussed with your Congress. It will be all right to give your....

Secretary Kissinger: Let me understand, Mr. Prime Minister. You are prepared to give us the money either through the banks or directly?

Prime Minister Chou: I am quite reluctant to give money back through the banks. They had the kindness to give it back to us, and it would not be right to ask them to give it to you.

Secretary Kissinger: You would give it to us. We have to find some way of accomplishing it. If the sum is available to pay off the private claims, and you avoid having to pay back through private banks, then it will not become an issue in the Congress. The terms of the settlement will have to be taken to Congress, but we do not have to discuss separately the sum of \$17 million. The value of the \$17 million is that it brings the total up to 40%. That is acceptable to Congress, 20% is not. We do not have to discuss how the 40% is arrived at.

Prime Minister Chou: The MFN issue is like this. If you must take up this matter do not discuss it with the Congress at the same time you discuss MFN with the Soviet Union. We are not in a hurry. We are not willing to have the two issues discussed together.

Secretary Kissinger: We will deal with it separately. We will not deal with it along with MFN status for the Soviet Union. What we are asking for is the right to ask for MFN for everybody, not individual countries. And this will not help the Soviet Union to gain most favored nation status. The utility of this agreement is that it makes it easier. It helps the general climate. We discuss MFN with the PRC separately and in a different context than the Soviet Union.

We would present this to the Congress on its own merits without reference to MFN. And then we can discuss later the timing of MFN status.

Prime Minister Chou: Anyway, we don't like to have this question together with the Soviet Union. We would rather have this issue settled not in a hurry.

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Secretary Kissinger: We will not discuss MFN for you with our Congress, Mr. Prime Minister, until you personally tell us you want us to do it.

Prime Minister Chou: You have to have a document with the Congress first.

Secretary Kissinger: There are two ways. If we follow present procedure, we have to introduce a bill for each country. If we follow the procedure Congress is now discussing, the Administration will get general authorization to grant MFN to any country it decides is eligible under that bill. We have made no particular claim for the PRC. The only reason the Soviet Union has come up is that there have been so many amendments added. Once that authority is granted, then it is up to us to grant MFN. If it is not granted, then it is up to us to introduce separate bills for each country. That possibility still exists.

Prime Minister Chou: You know when you mentioned postponement of this question of the bill, was it the Soviet bill or...

Secretary Kissinger: The bill in general.

Prime Minister Chou: And the general bill would be adopted first?

Secretary Kissinger: It is possible that the bill will never be adopted. In that case, we still have the right to request MFN for individual countries. It is possible that the bill will be adopted with certain restrictions. It would then apply to you even though they are directed against the Soviet Union. For example, about emigration controls. We, therefore, cannot -- in any event, we have to make no argument about the People's Republic in gaining progress on the general bill.

Prime Minister Chou: If the general bill is adopted, it is not necessary to adopt a separate bill about our MFN?

Secretary Kissinger: That is correct.

Prime Minister Chou: Then if the general bill is not adopted, then a separate bill would have to be adopted?

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Secretary Kissinger: Yes, that is correct.

Prime Minister Chou: And let's come back to the question of money. We think it will be suitable only if we give back the money to you, but it will be difficult for our position to give back the money through the banks because the banks have already given it back to us. If we do it that way, it would mean we recognize the blocking of the funds, and we don't want to settle the question in this way. We can discuss it later.

Secretary Kissinger: I am also certain that you can return the money directly to us. I think it would be absurd to have you return it through the banks so they might sue you or each other.

Prime Minister Chou: Yes. Because we would like to settle this issue from the standpoint of political issues.

Secretary Kissinger: I understand, Mr. Prime Minister, and that we should certainly be able to accommodate. Let us go back and consult with our legal people. There is no sense prolonging this. We will make one proposal and that will be the maximum we can make. I will do that within two weeks.

Prime Minister Chou: And on our side we are not in a hurry. We have a very great inferior balance in our trade. We would like to increase our exports to your country.

Secretary Kissinger: The major use of this agreement is to show major progress in our relationship. There is no economic need for it.

Prime Minister Chou: Yes, many politics will be involved.

Secretary Kissinger: I have two or three minor items, but we can do it later.

Prime Minister Chou: Please.

Secretary Kissinger: You asked about the F-5s. You have extremely good information about the radius but not with a full bomb load. It's radius is only about 100 nautical miles.

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Prime Minister Chou: What do you mean by full bomb load?

Secretary Kissinger: If it carries all the bombs. For ground support it is about a third of the regular bomb load. It can go 600 miles, but then it can carry only two bombs. It cannot carry both fuel tanks and a full bomb load. So it is not basically an offensive weapon.

Prime Minister Chou: What about the Bosphorous Bridge? It was not built by the United States.

Secretary Kissinger: I have one humanitarian problem which does not directly concern the PRC. There are a number of American journalists who have disappeared in Cambodia.

Prime Minister Chou: How many?

Secretary Kissinger: I have the total number here. I have all the details. Some are Japanese journalists. Eighteen journalists. I have taken the liberty of bringing material. All the information we have was given to me by a committee of American journalists who asked me if there were any way on a purely humanitarian basis if this could be given to Prince Sihanouk, or on any other basis, we would be very grateful. It is not a formal governmental request. It is a personal request.

Similarly, we are constantly being harassed about MIAs in China. We believe you, that you have given us a full account -- but the families ask us if we have asked you the question. If you could at some point give us a statement, we could say that we have asked you. This does not in any way suggest that we have any question about your response. In fact, if we could say at a press conference that we have asked you and you have assured us that there are no missing in action, that could be sufficient.

Prime Minister Chou: We have been carrying on an investigation concerning MIAs, and up to now we haven't found any in that area referred to -- neither bodies left or information. There are several areas concerned -- three areas. One is along the coast, another is quite near the land and still another is far at sea. You refer to the area which you would like us to search. So far we have found no bodies or information. The investigation is still going on. If we should be able to get more information, we will tell you. That is for when you hold a press conference.

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Secretary Kissinger: May we say that you have made searches in the areas that we gave you, that you have found no bodies or information, but that the investigation is continuing and if any new information turns up, you will let us know?

Prime Minister Chou: The areas that you have defined are not very big. We have asked them to enlarge the areas for investigation.

Secretary Kissinger: We appreciate this very much, and we will answer in the press conference exactly as you have indicated.

May I suggest that the best way to handle the communique is after dinner? Or should they meet while we meet?

Prime Minister Chou: Let's do it this way. After dinnertime, we will ask some persons from each side to discuss this matter while we discuss other matters, and after they discuss we can.

Secretary Kissinger: Could we have an English text? [Laughter all around.]

Oh, and then there are the Marines.

Prime Minister Chou: How about discussing the question of the Marines after dinner?

Secretary Kissinger: That is a good idea.

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